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中國鎳資源

CHINA NICKEL RESOURCES

China Nickel Resources Holdings Company Limited

中國鎳資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02889)

**MAJOR TRANSACTION
FRAMEWORK AGREEMENT
IN RELATION TO THE DISPOSAL OF 30% INTEREST IN
S.E.A. MINERAL LIMITED**

FRAMEWORK AGREEMENT

On 21 January 2013, the Company, Mr. Dong, the Vendor and the Investor entered into the Framework Agreement pursuant to which, the Investor had conditionally agreed to invest, through the Partnership, in the Target Company by acquiring, and Mr. Dong, the Vendor and the Company had conditionally agreed to dispose, the Target Interest at the Investment Consideration in three tranches subject to the Company having obtained the necessary approvals and consents. According to the Framework Agreement, after signing of the Framework Agreement, parties to the Framework Agreement will finalise and sign the Investment Agreement.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios calculated under the Listing Rules in respect of the Framework Agreement and the transactions contemplated thereunder are more than 25% but less than 75%, the Framework Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, disclosure and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has a material interest in the Framework Agreement and the transactions contemplated thereunder and hence no Shareholder is required to abstain from voting if the Company were to convene an EGM for the approval of the Framework Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval has been obtained from Easyman which, as at the date of this announcement, holds more than 50% in nominal value of the Shares giving the right to attend and vote at general meeting to approve the Framework Agreement and the transactions contemplated thereunder. Therefore, no EGM is required to be convened for obtaining the Shareholders' approval in respect of the Framework Agreement and the transactions contemplated thereunder.

A further announcement will be published by the Company upon signing of the Investment Agreement, and a circular containing, among other things, details of the Investment Agreement will be despatched to the Shareholders on or before 31 March 2013 to allow sufficient time for the parties to the Framework Agreement to consider and execute the Investment Agreement.

The Investment is conditional upon the fulfillment (or, where applicable, waiver) of a number of conditions. Accordingly, the Investment may or may not materialise. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading of Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 22 January 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 24 January 2013.

FRAMEWORK AGREEMENT

Date

21 January 2013

Parties

- (1) the Company;
- (2) Mr. Dong;
- (3) the Vendor; and
- (4) the Investor.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Investor and its ultimate beneficial shareholders are independent third parties and are not connected with the Company and its connected persons.

The Investment

Pursuant to the Framework Agreement, the Investor had conditionally agreed to invest, through the Partnership, in the Target Company by acquiring, and Mr. Dong, the Vendor and the Company had conditionally agreed to dispose, the Target Interest at the Investment Consideration in three tranches subject to the Company having obtained the necessary approvals and consents. According to the Framework Agreement, after signing of the Framework Agreement, parties to the Framework Agreement will finalise and sign the Investment Agreement.

On 21 January 2013, China Fortune Trust has provided a secured financing in an amount of RMB200 million (the "Financing") to Zhengzhou Yongtong for a term of two years. During the term of the Financing, China Fortune Trust is entitled to a financing return of 10% p.a.. In consideration of the Financing provided by China Fortune Trust, (i) Zhengzhou Yongtong has assigned to China Fortune Trust certain rights and entitlements to all the income generated or otherwise receivable, if any, from the equity interest of Henan Yongtong, a wholly-owned subsidiary of Zhengzhou Yongtong, and (ii) Mr. Dong has provided a personal guarantee in favour of China Fortune Trust, for such period so long as the Financing remains outstanding. The parties to the Framework Agreement agreed that upon obtaining all the necessary approvals and consents in relation to the Investment Agreement, the first tranche Investment will be paid by the Partnership by way of setting off the Financing provided by China Fortune Trust or such other means as agreed between the parties to the Framework Agreement. The exact amount and timing of the second and third tranches Investment will be determined between the Company and the Investor but in principle such Investment is expected to be completed within one year.

Guaranteed Return

Under the Framework Agreement, each of the Company and Mr. Dong has undertaken to the Investor that the Investor's annualised return in the Target Company will not be lower than 10%. In the event that the total annualised return falls below 10%, the Partnership will be compensated in cash.

Conditions Precedent

Completion of the transactions contemplated under the Framework Agreement is conditional upon a number of conditions precedent including but not limited to the Shareholders having passed resolutions which are necessary to give effect to the Framework Agreement and the transactions contemplated thereunder.

Upon completion of the Investment, the Partnership will hold approximately 30% of the entire issued share capital of the Target Company.

Parties to the Framework Agreement will enter into Investment Agreement to implement the transactions contemplated under the Framework Agreement, and further announcements will be issued by the Company in compliance with the Listing Rules.

REASONS FOR THE FRAMEWORK AGREEMENT

The Directors consider the Investment will provide additional funding to the Group's development especially for the construction of steel plant in Indonesia and reducing the Group's gearing ratio. The Directors (including the independent non-executive Directors) are of the view that the Framework Agreement was determined after arm's-length negotiation between the parties thereto and the Directors (including the independent non-executive Directors) consider that the Framework Agreement is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE TRANSACTION

As at the date of this announcement, the Company holds the entire equity interest in the Target Company. Upon completion of the Investment, the Company will hold 70% equity interest of the Target Company and the Target Company will remain a subsidiary of the Company.

Financial information extracted from the unaudited consolidated management accounts of the Target Company:

	Six months ended 30 June 2012 RMB'000 Unaudited	Year ended 31 December 2011 RMB'000 Unaudited
Revenue	576,866	1,199,236
Profit after taxation	141,706	204,030
	As at 30 June 2012 RMB'000 Unaudited	As at 31 December 2011 RMB'000 Unaudited
Total assets	2,467,022	2,517,537
Net assets	699,166	522,565

Based on the unaudited consolidated management accounts of the Target Company as at 30 June 2012, the Group is expected to derive an estimated gain of approximately RMB732.1 million (equivalent to HK\$903.9 million) from the transaction, which is derived from the Investment Consideration less the net asset value attributable to the 30% equity interest. Since the Target Company will remain a subsidiary of the Company, the Investment will not result in a loss of control by the Group and any gain as a result of the Investment will be recognised directly in the equity of the Group.

The Company intends to use the net proceeds from the Investment for future business development and capital expenditure, repayment of debt and general working capital.

INFORMATION ON THE COMPANY, THE VENDOR, THE TARGET COMPANY AND ZHENGZHOU YONGTONG

The Company was incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange. The Company, together with its subsidiaries, is a metal and mineral enterprise engaging in resource development and production of steel products, including nickel and chromium alloy steel products as well as stainless steel products.

The Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company.

The Target Company is an investment holding and an ore trading company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company.

Zhengzhou Yongtong is a company established in the PRC and is principally engaged in manufacturing and sales of stainless steel base materials and special steel products.

INFORMATION ON THE INVESTOR AND CHINA FORTUNE TRUST

The Investor was established under the laws of the PRC and is principally engaged in the business of, among others, investment holding and assets management.

China Fortune Trust was established under the laws of the PRC and is principally engaged in the business of provision of financial services.

GENERAL

As one or more of the applicable percentage ratios calculated under the Listing Rules in respect of the Framework Agreement and the transactions contemplated thereunder are more than 25% but less than 75%, the Framework Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, disclosure and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has a material interest in the Framework Agreement and the transactions contemplated thereunder and hence no Shareholder is required to abstain from voting if the Company were to convene an EGM for the approval of the Framework Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval has been obtained from Easyman which, as at the date of this announcement, holds more than 50% in nominal value of the Shares giving the right to attend and vote at general meeting to approve the Framework Agreement and the transactions contemplated thereunder. Therefore, no EGM is required to be convened for obtaining the Shareholders' approval in respect of the Framework Agreement and the transactions contemplated thereunder.

A further announcement will be published by the Company upon signing of the Investment Agreement, and a circular containing, among other things, details of the Investment Agreement will be despatched to the Shareholders on or before 31 March 2013 to allow sufficient time for the parties to the Framework Agreement to consider and execute the Investment Agreement.

The Investment is conditional upon the fulfillment (or, where applicable, waiver) of a number of conditions. Accordingly, the Investment may or may not materialise. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading of Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 22 January 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 24 January 2013.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

- “China Fortune Trust” 華鑫國際信託有限公司 (China Fortune International Trust Co., Ltd.*), a company established in the PRC with limited liability;
- “Company” China Nickel Resources Holdings Company Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
- “connected person” has the meaning ascribed to it under the Listing Rules;
- “Director(s)” the director(s) of the Company;
- “Easyman” Easyman Assets Management Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder holding 1,481,074,705 Shares representing approximately 60.28% interest in the Company as at the date of this announcement, whose entire issued share capital is legally and beneficially owned by Mr. Dong;
- “EGM” the extraordinary general meeting of the Company to be convened to consider and approve the Framework Agreement and the transactions contemplated thereunder;
- “Framework Agreement” the agreement dated 21 January 2013 entered into between the Company, Mr. Dong, the Vendor and the Investor in connection with the Investment;

“Group”	the Company and its subsidiaries;
“Henan Yongtong”	Henan Yongtong is a wholly owned subsidiary of Zhengzhou Yongtong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Investment”	the proposed acquisition by the Investor, through the Partnership, of the Target Interest at the Investment Consideration;
“Investment Agreement”	an investment agreement to be signed by, among others, the Company and the Investor in relation to the Investment;
“Investment Consideration”	the total investment consideration payable by the Investor to the Vendor for the Target Interest in an amount representing the RMB equivalent of US\$150 million and the exact amount of which will depend on the funds raised by the Partnership;
“Investor”	北京匯贏創業投資有限公司 (Beijing Wincapital Management Co., Ltd.*), a company established in the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Dong”	Mr. Dong Shutong, an executive Director and the controlling Shareholder interested in approximately 61.22% of the issued share capital of the Company as at the date of this announcement;
“Partnership”	a limited partnership to be established in the PRC with China Fortune Trust being the limited partner and the Investor being the general partner;
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, exclude Hong Kong, Macao Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholders of the Company;
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	S.E.A. Mineral Limited (南洋礦業有限公司), a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company;
“Target Interest”	up to 30% interest in the issued share capital of the Target Company;
“US\$”	United States dollar, the lawful currency of the United States of America;
“Vendor”	Infonics International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“Zhengzhou Yongtong”	鄭州永通特鋼有限公司 (Zhengzhou Yongtong Special Steel Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

Unless otherwise specified in this announcement, translations of RMB and US\$ into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.2347 and at the rate of US\$1.00 to HK\$7.7527. No representation is made that any amounts in RMB, US\$ or HK\$ could have been or could be converted at that rate or at any other rate or at all.

By order of the Board
China Nickel Resources Holdings Company Limited
中國鎳資源控股有限公司
Dong Shutong
Chairman

Hong Kong, 24 January 2013

As at the date of this announcement, the executive directors of the Company are Mr. Dong Shutong (Chairman), Ms. Ng See Wai Rowena, Mr. Chiang Shyh-yi, Mr. Song Wenzhou, Mr. Dong Chengzhe and Mr. Yang Fei; the non-executive director of the Company is Mr. Yang Tianjun; and the independent non-executive directors of the Company are Mr. Bai Baohua, Mr. Huang Changhuai, Mr. Wong Chi Keung and Mr. Fahmi Idris.

* For identification purpose only